

North West (National Grid)

Mod 186 Report

2 May 2008

£m

	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13
	Current Prices					
Core Allowed	254.7	251.3	252.8	255.0	258.9	261.3
Cost Pass Through	36.4	34.7	34.6	34.6	34.5	34.4
Shrinkage 2008-2013 [Incentives & Adjustments 2007]	14.0	9.0	8.7	8.5	8.4	8.3

Final Allowed Rev per PCR	305.2	295.0	296.1	298.0	301.8	304.0
Inflation Assumed		1.11	1.15	1.20	1.24	1.29
Final Allowed Rev per PCR at prices of year	305.2	326.7	340.8	356.7	375.7	393.6
Cost Pass through Movements	0.0	-0.9				
Incentives & Adjustments Movement	4.0	-4.5				
K Movement	10.0	9.1				
Final Allowed Revenue Latest Forecast	319.2	330.5				
% of previous year		103.5%				
Forecast Collected Revenue	310.7	330.5				
Forecast Under / Over Recovery (K) under recovery (-)	-8.5	0.0				
Arithmetical October Price level change needed for Collected to = Allowed	23.1%	-1.6%				

Commentaries

2007/08

The forecast under-recovery for 2007/8 is due to increases forecast for DNMRA and Shrinkage, both increasing the final allowed revenue, and a forecast reduction in collected revenues as a result of the

2008/9

3% reduction in SOGs assumed in October 2008

Ofgem included cost pass through into the core allowed (these values have been reallocated in this report for consistency with 2007/08 numbers)

Shrinkage, Exit, Emission, Loss of Meter Work and DNMRA forecasts included on 2008/9 Incentives & Adjustments. Since January our forecast for Shrinkage and DNMRA have increased reducing the incentive and adjustment movement values.

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